

Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

SHARED SERVICES

May 28, 2002

In reply refer to: CILR-4

Mr. John C. Joyce, P.E.
Siemens Power Transmission & Distribution, Inc.
FACTS and Power Quality Division
8430 SW Brookridge
Portland, OR 97225

Dear Mr. Joyce:

This letter responds to your Freedom of Information Act (FOIA) request dated April 22, 2002, and received by the Bonneville Power Administration (BPA) FOIA Officer on April 30, 2002. In your request, you ask for a complete copy of the Schedule of Items, pages 6 through 10, with prices for BPA Contract No. 8936 for Series Capacitors for Eastern Washington Reinforcement Project.

BPA has determined that this document should be withheld in whole under exemption 5 USC § 552(b)(4) (exemption 4) of the FOIA.

Reasons for non-disclosure under Exemption 4

Exemption 4 documents include trade secrets or commercial or financial information that is privileged or confidential and submitted to BPA by another person.

The information you request is commercial and financial information that is confidential to GE Power Engineers Consortium. The information consists of (1) line item prices for major work scope items (a & b items), (2) line item pricing for negotiated work scope changes, and (3) line item prices for individual work scope options (items 7, 8, 9). This information was submitted to BPA by GE and Power Engineers, Inc. in confidence and is not readily available in public sources. Public disclosure of this type of information would likely cause substantial competitive harm to GE and Power Engineers by interfering with its abilities to compete on current and future series capacitor projects. In addition, release of this information is likely to impair BPA's ability to obtain similar information in the future.

Line item prices for major work scope items (a & b items). BPA's Request for Offers (RFO) for contract no. 8936 included a detailed description identifying the scope of work required. GE and Power Engineers' major work scope prices can easily be correlated to these requirements. Release of the line item prices together with the specific scope of work requirements would

reveal both GE's and Power Engineers' current market-pricing strategy which would provide competitors with an unfair advantage on current and future bids.

Line item pricing for negotiated work scope changes. Disclosure of this information would enable a competitor to identify GE's confidential cost structure for critical individual sub-systems. Release of this information in combination with the detailed major work scope requirements contained in the RFO would give competitors the ability to closely calculate GE's actual costs. If GE's actual costs were calculated, competitors would be able to unfairly underbid GE and Power Engineers, Inc. in future competitions, thus causing substantial competitive harm to GE and Power Engineers.

Individual work scope options (items 7, 8, 9). Release of this information would give competitors access to GE and Power Engineers sensitive cost structure. If competitors had access to this cost structure, it would allow them to identify GE's competitive pricing strategies on future bids. For example, Access to GE's price per MJ to Increase/Decrease the MOV would allow competitors to precisely identify GE's proprietary price structure and competitive strategies on future bids where the MJ values are known.

There are several RFO's coming up in the near future that involve work similar to the scope of work that is in this contract. Disclosure of confidential pricing information would substantially harm GE's and Power Engineers' competitive position in the market. In addition, release of this information would impair BPA's ability to obtain similar detailed pricing information in the future. If BPA were unable to receive this type of information, it would hamper its ability to effectively evaluate future proposals.

If you are dissatisfied with this determination, you may appeal within 30 days from the date you receive this letter to the Director, Office of Hearings and Appeals, Department of Energy, 1000 Independence Avenue, SW, Washington, D.C. 20585. The appeal must be in writing and both the envelope and letter must be clearly marked "Freedom of Information Act Appeal."

You will receive an invoice under separate cover from BPA's accounting department for the cost of BPA's processing of this request.

Sincerely,



Gene Tollefson
Freedom of Information Act Officer

bcc:

G. Tollefson – CILR-4

K. Berglund – CK-1

E. Estes – LC-7

J. Bennett – LC-7

C. Jacobson – LC-7

J. Long – TLE-AMPN-1

H. Habibi – TLE-AMPN-1

Official File – CILR (EX 13-13, 02) ✓